



Department of Justice

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COMMERCIAL REFRIGERATION COMPANY AND EXECUTIVE INDICTED FOR RIGGING BIDS ON CONTRACTS TO SAFEWAY GROCERY STORES IN ARIZONA

WASHINGTON – A federal grand jury in Phoenix returned an indictment charging a commercial refrigeration company and its co-owner with participating in a conspiracy to rig bids on contracts for the installation of commercial refrigeration equipment in Safeway Inc. grocery stores in the Phoenix metropolitan area, the Department of Justice announced today.

The indictment, filed today in the U.S. District Court in Phoenix, charged that Alliance Mechanical LLC, and its co-owner Kendall Pope, participated in the conspiracy, which began in or around January 2005 and continued until May 16, 2005. At the time of the conspiracy, Pope also served as president of Alliance Mechanical LLC, a company engaged in the installation of commercial refrigeration in the Phoenix metropolitan area and elsewhere. Pope participated in the conspiracy with James Govostes, a former manager of another commercial refrigeration company.

“The Antitrust Division is committed to prosecuting those who seek to undermine the integrity of the competitive market by conspiring to rig bids,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department of Justice’s Antitrust Division.

The indictment charges that Pope, Alliance and their co-conspirators engaged in the following actions involving commercial refrigeration installation projects at Safeway grocery stores:

- Discussed among themselves the submission of bids;
- Agreed to allocate bids among themselves according to which company had a maintenance agreement in place at a particular grocery store;
- Solicited other individuals to join and facilitate the conspiracy;
- Designated which company would submit the low bid and submitted a rigged bid; and
- Accepted payment from Safeway for work done as a result of the conspiracy.

Alliance Mechanical LLC and Pope are charged with bid rigging in violation of the Sherman Act, which carries a maximum fine of \$100 million for a corporation. The felony charge carries a maximum fine for an individual of \$1 million and up to 10 years in prison. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime if either of those amounts is greater than the statutory maximum fine.

Today's case is the second to arise from an ongoing investigation of the commercial refrigeration industry in the Phoenix metropolitan area. On June 27, 2007, Govostes pleaded guilty to conspiring to restrain trade by rigging bids submitted to Safeway Inc. grocery stores. Govostes entered into a plea agreement, subject to court approval, that requires him to serve 30 days incarceration and three months home confinement, and to pay a \$20,000 criminal fine. Govostes has agreed to assist the government with its continuing investigation.

Today's charges resulted from the Antitrust Division's investigation of the commercial refrigeration industry being conducted by its Chicago Field Office in conjunction with the Phoenix office of the Federal Bureau of Investigation and the U.S. Attorney's Office located in Phoenix.

Anyone with information concerning bid rigging or other anticompetitive conduct in the commercial refrigeration industry should contact the Antitrust Division's Chicago Field Office at 312-353-7530 or the FBI's Phoenix office at 602-279-5511.

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